

Chairs Leone and Lessor and other Members of the Banking Committee,

My name is Kevin Lynch and I come to speak in favor of Bill 5651.

In fall, 2014, I had the honor of co-chairing the Task Force on Reverse Mortgages(RMTF). Our deliberations resulted in five recommendations being forwarded to this Committee and all five are addressed in the legalese of Bill 5651. Only one was not passed by the RMTF unanimously: the one requiring a seven day “cooling off period” between the time of counseling and the signing of the loan; this is addressed in Section 1, subparagraph 4. Clearly, this could potentially add a week to the process. Mr. John Luddy, who represented the industry on the RMTF, stated that processing the paper work can take up to seven weeks, and saw this additional week as onerous. Accordingly, he voted in the negative, but was outvoted.

I will point out one concern that I have with the language of the Bill. The rewritten Section 4, subparagraph 5, subsection (4)(1) and (2) covers banks and credit unions which offer reverse annuity loans and states they are to inform applicants of all other loan possibilities—a very sensible regulation, in my opinion. My concern is that the ones charged with conveying these choices will really be the mortgage brokers and counselors who are not mentioned in the Bill’s language.

Still, it was explained to me that the opportunity for other loans could be addressed on the worksheet which is to be sign by both the counselor and the loan applicant. And that brings up the issue of the worksheet’s creation.

Now I understand why it would be inappropriate to spell out in legislation what is to be included on the worksheet; as times change, so should the worksheet. And no one wants to rewrite state law each time there is a change in federal regulations.

This circumstance notwithstanding, I suggest this matter is sufficiently important to be specifically addressed in Bill 5651.

Thank you for the opportunity to address you.

February 24<sup>th</sup>, 2015